

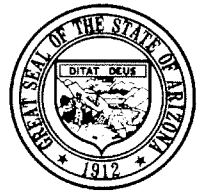
ARIZONA DEPARTMENT OF WATER RESOURCES

Office of Assured and Adequate Water Supply

3550 North Central Avenue, Phoenix, Arizona 85012

Telephone 602 771-8500

Fax 602 771-8689



Janet Napolitano
Governor

Herbert R. Guenther
Director

May 27, 2008

Mr. Roy Tanney
Arizona Department of Real Estate
2910 N. 44th Street
Phoenix, Arizona 85018

Water Report 53-700477.0000

Subdivision Name: Copper Gate Business Park

Owner: Commerce 89 Development, L.L.C.,
an Arizona limited liability company

Number of lots: 32

County: Yavapai

Township 16 North, Range 3 East, Section 33

Water provided by: City of Cottonwood

Water Type: Groundwater

Current water depth: 434 ft. below land surface

Estimated 100-year depth: 1182 ft. below land surface

Current decline rate: 1.5 ft./yr.

Basin: Verde Valley

Dear Mr. Tanney:

Pursuant to A.R.S. § 45-108, the Department of Water Resources has reviewed the available information pertaining to the water supply for the above-referenced subdivision. This letter constitutes the Department's report on the subdivisions water supply as required by A.R.S. § 45-108(A).

Adequacy of the 100-year water supply was reviewed by the Department with regard to physical, legal and continuous availability, water quality, and financial capability. Information available to the Department indicates that the applicant has satisfied the adequate water supply requirements as set forth in A.A.C. R12-15-701 *et seq.* Therefore, the Department of Water Resources finds the water supply to be adequate to meet the subdivision's projected needs. Any material change to the subdivision plat or its water supply plans may invalidate this decision. See A.A.C. R12-15-708.

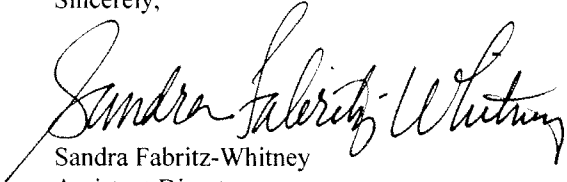
This letter is being forwarded to your office as required by A.R.S. § 45-108. This law requires the developer to hold the recordation of the subdivision's plat until receipt of the Department's report on the subdivision's water supply. By copy of this report, the Yavapai County Recorder is being officially notified of the developer's compliance with the law. Because of the possibility that a future court proceeding could result in a legal determination that water withdrawn from wells in this area is surface water, the Department recommends that your office include the following statement in all promotional material and contracts for sale of lots in the subdivision:

"Pursuant to A.R.S. § 45-108 and A.A.C. R12-15-701 *et seq.*, the Department has determined that the water supply for the Copper Gate Business Park subdivision is adequate, i.e. that the water supply is physically, continuously and legally available to satisfy the subdivision's annual estimated water demand, that the water supply is of suitable water quality, and that the applicant has demonstrated the financial capability to construct adequate delivery, storage and treatment works. However, the legal availability of the water withdrawn from wells in this area may be the subject of court action in the future as part of a determination of surface water rights. Whether future court action will have an effect on the legal availability of the water supply for the proposed subdivision cannot be determined at this time."

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If you have any questions, please contact Richard Obenshain at (602) 771-8622.

Sincerely,

A handwritten signature in black ink, reading "Sandra Fabritz-Whitney". The signature is fluid and cursive, with the first name "Sandra" being the most prominent.

Sandra Fabritz-Whitney
Assistant Director
Water Management Division

cc: City of Cottonwood Planning and Zoning
Yavapai County Recorder
Chris Catalano, P.G.
Richard Obenshain, Office of Assured and Adequate Water Supply